

BOARD OF GOVERNORS
OF THE
FEDERAL RESERVE SYSTEM

Office Correspondence

Date July 17, 1947

To Chairman Eccles

Subject: _____

From J. Burke Knapp



During the past week I have been pressing the Treasury to act on:

(1) The proposed joint statement from the Treasury and the Federal Reserve Board requesting American banks to refrain from international transactions in gold at premium prices, and,

(2) Revision of the Treasury gold regulations to forbid the direct export of gold from the United States at premium prices. (Gold newly mined in the United States must, of course, be sold to the Treasury at the official price, but gold imported into the United States--for refining or other--can be re-exported under existing regulations.)

This second matter has been brought to a head recently by a published report indicating that the American Smelting and Refining Company had offered to refine gold ores produced in Canada and to re-export the gold for premium prices on behalf of Canadian gold mining companies. Secretary Snyder was asked about this matter at his press conference yesterday and his remarks were so ambiguous that today's papers carry stories headlined: "Treasury ignores gold selling plan--Snyder says U. S. will not try to prevent export at free market price".

There is no reason to believe that this account reflects Secretary Snyder's views and the Treasury staff people (Overby, Southard, etc.) are very upset about it. They now plan to proceed as quick as possible with the actions referred to in one and two above. Secretary Snyder is leaving the country on a ten day trip commencing tomorrow but it is hoped that action can be taken before he leaves or at least that he will approve such action in principle leaving the details to be worked out next week.